

**TITLE: CIB 94-23 Grants Under USAID Contracts**

December 20, 1994

MEMORANDUM FOR ALL CONTRACTING OFFICERS AND NEGOTIATORS

TO: Distribution List FAC

FROM: DAA/M, Michael D. Sherwin, Procurement Executive

SUBJECT: Grants Under USAID Contracts

**CONTRACT INFORMATION BULLETIN 94-23**

**This supersedes CIB 92-7 on the same subject.**

Since CIB 92-7 was issued, a number of contractors have been authorized to award grants on USAID's behalf. We have developed sample contract clauses and model grant provisions which are available from the Office of Procurement, Policy Division (M/OP/P).

Approval is still required before using a contractor to execute and administer grants. If a contractor will just be managing or administering grants after they have been awarded by USAID, approval is not required. The approval requirement is designed to assure that USAID will retain substantial management control when appropriate, that USAID itself will perform inherently governmental functions, and that requirements which apply to USAID-executed grants will also apply to grants signed by a USAID contractor.

Contractors may not be authorized to execute or administer cooperative agreements on USAID'S behalf.

Five basic points concerning the use of a contractor to execute grants on behalf of USAID are:

1. Written approval by the Head of the Contracting Activity (HCA), on a contract-by-contract basis, is required before this procedure may be used.
2. Prior to approval by the HCA, the draft action memorandum shall be sent to M/OP/P for comment, and the memorandum must be cleared by the cognizant GC or Legal Advisor.
3. Approval should generally be limited to situations where it is not feasible to accomplish USAID objectives through normal contract and grant instruments executed by USAID and where either
  - (a) the grant program is incidental and relatively small in comparison to other technical assistance activities of the contractor; or
  - (b) the burden of executing a number of small grant activities is particularly difficult for the responsible USAID Mission or office.

4. USAID shall have substantial involvement in the establishment of selection criteria and the actual selection of grant recipients. USAID's involvement may be more limited where grants are quite small and are incidental to the contractor's technical activities. At a minimum, USAID should approve the selection of grantees prior to award.

5. USAID will retain in the contracting arrangement the ability to terminate the grant activities unilaterally in extraordinary circumstances.